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March 15, 2011

**RE: Butte Mine Flooding Consent Decree – REVISED MRI Future Remediation Claim
Escrow Annual Report**

Dear Parties:

In response to your request for additional information, this revised Annual Report is made on behalf of Montana Resources, Inc. ("MRI") to conform to the Order entered by the United States Bankruptcy Court for the Southern District of Texas, Case No. 05-21207, In re: ASARCO LLC, et al. (Debtors) on December 27, 2007 and to supplement the February 2, 2011 report previously provided to you. The Order approved the Partial Settlement Agreement Regarding The Silver Bow Creek/Butte Superfund Site and Butte Mine filed on December 3, 2007 ("Settlement Agreement"). By Order dated April 17, 2008 the United States District Court for the District of Montana also approved the Settlement Agreement. On December 9, 2009, MRI received a distribution on the MRI Future Remediation Claim. In January 2010, MRI established an escrow account at First Interstate Bank, 101 E. Front Street, Missoula, Montana 59802, for the sole purpose of investing and distributing proceeds of payments received on the MRI Future Remediation Claim. The escrow account has identification #7269947 ("Escrow Account"). In response to your request, a copy of the Escrow Agreement dated January 5th, 2010 is being provided to Ms. Capdeville and Mr. Sither.

In accord with the Settlement Agreement, MRI reports the following for the year 2010:

1. The beginning balance in the Escrow Account was Ten Million One Hundred Fourteen Thousand Seven Hundred Nine Dollars (\$10,114,709).
2. Two Million Seventy Two Thousand Nine Hundred Twenty Nine Dollars (\$2,072,929) was disbursed from the Escrow Account for the following:
 - a. One Thousand Dollars (\$1,000) was paid to First Interstate Bank as an annual escrow fee. In response to your request that this payment be reconsidered, in the

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future, the annual escrow fee will not be paid by funds from the escrow account. With respect to the One Thousand Dollar disbursement made to First Interstate Bank in 2010, MRI will make a deposit of One Thousand Dollars to the escrow account no later than 3/31/11. That deposit will be reported on the 2011 annual report; and

- b. Two Million Seventy One Thousand Nine Hundred Twenty Nine Dollars (\$2,071,929) was paid to Montana Resources, LLP, (the "Partnership") for the Partnership's cost of Work (as that term is defined in the Butte Mine Flooding Operable Unit Consent Decree which was entered on August 14, 2002 ("BMFOU CD")) performed during the time period of April 17, 2008 to June 30, 2010.

According to the BMFOU CD, Work is defined as "all activities the Settling Defendants are required to perform under this Consent Decree, except those required by Section XXV (Retention of Records)...." Among other things, the Statement of Work (Appendix C to the BMFOU CD) requires the Settling Defendants to divert and treat Horseshoe Bend water and conduct water fowl mitigation activities.

MRI reports that the Work for which it requested and received reimbursement was diversion and treatment of Horseshoe Bend water and water fowl mitigation activities conducted pursuant to the terms of the BMFOU CD. During the reporting time period approximately 4,020,051,759 gallons of Horseshoe Bend water was diverted and treated. Water diversion and treatment costs include costs to operate, maintain, and improve the water treatment plant to treat approximately 5 million gallons per day of the Horseshoe Bend water. Lime delivered to and used at the water treatment plant is the single largest water treatment cost and represents 62% of total costs. Other significant expenses include power which represents 11% of total costs and labor which is 8% of total costs.

3. Interest earned on the funds held in the Escrow Account was Seventy Two Thousand Nine Hundred Sixty One Dollars (\$72,961).
4. The Escrow Account balance at December 31, 2010 was Eight Million One Hundred Fourteen Thousand Seven Hundred Forty One Dollars (\$8,114,741).

Please contact me if you have any questions concerning this Revised Annual Report.

Very truly yours,

DATSOPOULOS, MacDONALD & LIND, P.C.


Rebecca L. Summerville

RLS/dm

March 15, 2011

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MAILED TO:

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As to the Settling Federal Agencies:

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EPA:

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